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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING January 1, 2004 AND ENDING December 31, 2004

MM/DD/YY

MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

GAM Services Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

135 East 57th Street

New York

NY

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Kevin J. Blanchfield

(212) 407-4600

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ernst & Young LLP

5 Times Square

(Name - of individual, state last, first, middle name)

New York

NY

10036

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

SEC 1410 (06-02)

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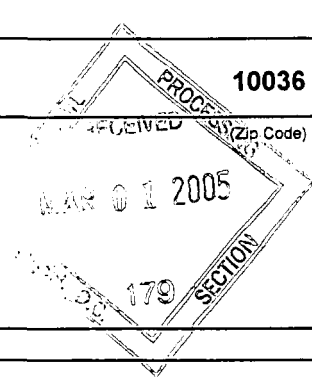
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OATH OR AFFIRMATION

I, Kevin J. Blanchfield, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of GAM Services Inc., as of December 31, 2004, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Subscribed & sworn before me
this 22nd Day of February 2005


Signature

Treasurer

Title

SUSAN SORRENTINO CARABELLO
Notary Public, State of New York
No. 01CA6020933
Qualified in New York County
Commission Expires March 8, 2007


Notary Public

This report** contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Cash Flows.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims or Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A or Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☐ (o) Schedule of Segregation Requirements and Funds in Segregation for Customers Trading on U.S. Commodity Exchanges.
- ☐ (p) Statement of Secured Amount and Funds Held in Separate Accounts for Foreign Futures and Options Customers Pursuant to Commission Regulation 30.7.

*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

GAM Services Inc. and Subsidiary
Consolidated Statement of Financial Condition

December 31, 2004

Contents

Report of Independent Registered Public Accounting Firm	1
Consolidated Statement of Financial Condition.....	2
Notes to Consolidated Financial Statements	3

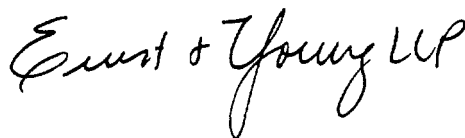
Report of Independent Registered Public Accounting Firm

To the Stockholder of
GAM Services Inc. and Subsidiary

We have audited the accompanying consolidated statement of financial condition of GAM Services Inc. and Subsidiary (the "Company") as of December 31, 2004. This consolidated statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this consolidated statement of financial condition based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated statement of financial condition is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated statement of financial condition, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated statement of financial condition referred to above presents fairly, in all material respects, the consolidated financial position of the Company at December 31, 2004, in conformity with accounting principles generally accepted in the United States.



January 28, 2005

GAM Services Inc. and Subsidiary

Consolidated Statement of Financial Condition

December 31, 2004

Assets

Cash and cash equivalents	\$ 2,063,801
Due from Parent	415,659
Accounts receivable	126,323
Prepaid expenses	76,494
Due from Affiliate	<u>38,915</u>
Total Assets	<u>\$ 2,721,192</u>

Liabilities and Stockholder's Equity

Liabilities:

Accounts payable and accrued expenses	\$ 647,264
Due to Parent	<u>340,578</u>
Total Liabilities	<u>987,842</u>

Stockholder's Equity:

Common stock, par value \$1 per share; 3,000 authorized shares; issued and outstanding 100 shares	100
Additional paid-in capital	259,563
Retained earnings	<u>1,473,687</u>
Total Stockholder's Equity	<u>1,733,350</u>

Total Liabilities and Stockholder's Equity	<u>\$ 2,721,192</u>
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See notes to consolidated statement of financial condition .

GAM Services Inc. and Subsidiary

Notes to Consolidated Statement of Financial Condition

December 31, 2004

1. Organization

GAM Services Inc. (the "Company"), a Delaware corporation, was organized on October 3, 1989. The Company is the distributor and principal underwriter of GAM Funds, Inc. (the "Funds"), and the selling agent for GAM Avalon Galahad LLC, GAM Avalon Lancelot, LLC, GAM Avalon Dinadan, LLC and GAM Avalon Palemedes, LLC (the "Avalon Funds"). The Company also provides distribution services to various limited partnerships for which an affiliate of the Company is the general partner. The Company is a registered broker-dealer with the Securities and Exchange Commission, and a wholly owned subsidiary of GAM USA Inc. (the "Parent"), which is a wholly owned subsidiary of GAM Holding AG, which is a wholly owned subsidiary of UBS AG ("UBS").

The Company owns all of the outstanding common stock of GAM Funding Inc. ("GAM Funding"). GAM Funding is a Delaware corporation which commenced operations in May 1998.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, GAM Funding. All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

The Company considers money market funds and other short term investments with maturities at acquisition of less than three months to be cash equivalents.

GAM Services Inc. and Subsidiary

Notes to Consolidated Statement of Financial Condition

2. Summary of Significant Accounting Policies (continued)

Foreign Currency Transactions

Assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the closing rates of exchange at December 31, 2004. Transactions during the year are translated at the rate of exchange prevailing on the date of the transaction. There were no foreign currency transactions for the year ended December 31, 2004.

3. Income Taxes

The Company is included in the consolidated federal and combined state and local tax returns of the Parent. In accordance with the inter-company tax sharing agreement, the Company computes its income taxes on a stand-alone basis.

Deferred taxes are provided on a liability method as prescribed by FAS 109, "Accounting for Income Taxes," whereby deferred tax assets and liabilities are recognized for temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion, or all, of the deferred tax assets will not be realized.

4. Net Capital Requirement

The Company is subject to the Uniform Net Capital Rule 15c3-1 (the "Rule") of the Securities and Exchange Commission ("SEC"). The Company's minimum net capital requirement is the greater of 6-2/3% of the aggregate indebtedness, as defined, or \$25,000. In addition, certain advances, payments of dividends and other equity withdrawals are subject to certain provisions of the Rule. At December 31, 2004, the Company had net capital, as defined, of \$1,110,510 exceeding the requirements by \$1,044,654. The Company's aggregate indebtedness to net capital ratio was 89% at December 31, 2004.

GAM Services Inc. and Subsidiary

Notes to Consolidated Statement of Financial Condition

5. Concentration of Credit Risk

Substantially all of the Company's cash and cash equivalents are on deposit with two major financial institutions.

6. Related Party Transactions

The Company shares office space, personnel and other common administrative expenses with its Parent. Administrative expenses are allocated to the Company as determined by the Board of Directors of the Parent.

The Company has an agreement with its Parent whereby the Company receives fees for distribution of the Funds and the Avalon Funds. The related intercompany receivable from the Parent amounted to \$196,686 as of December 31, 2004, and is included in due from Parent account in the accompanying consolidated statement of financial condition.

Also included in the due from Parent account is \$218,973 resulting from the Parent's utilization of the Company's net operating losses for tax purposes (see Note 3).

The Company has an agreement with GAM Investments Inc., an affiliated company, whereby the Company receives fees for distribution of GAM Futures LP, GAM Multi-Overseas LP, GAM Multi-Global LP, GAM Japan LP, GAM Special Situations LP and SCI Asian Hedge LP. The related receivable as of December 31, 2004 amounted to \$38,915 and is included in the due from Affiliate account in the accompanying consolidated statement of financial condition.